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STATE FOR NEA/ELA, NEA/RA, EB/IDF/OMA
USAID FOR ANE/MEA MCLOUD AND DUNN
USTR FOR SAUMS
TREASURY FOR NUGENT AND HIRSON
COMMERCE FOR 4520/ITA/ANESA/TALAAT

E.O. 12958: N/A

TAGS: ECON EAID EFIN EINV EG

SUBJECT: BANK OF ALEXANDRIA (BOA): FINAL SALE EXECUTED

REF: Cairo 7059

¶1. (U) BOA Vice Chair Fatma Lotfi confirmed to econoff that the final sale of the bank was executed on the Cairo and Alexandria Stock Exchange (CASE) on December 12. The CASE website indicated that 128 million shares traded on December 12 at LE 71.99/share (\$12.60), for a total value of LE 9.2 billion (\$1.6 billion). Lotfi indicated that late last week the new owner, Italy's SanPaolo, fulfilled the remaining clause in the sale contract and named eight of the ten members of the new board of directors. The Central Bank approved the final sale December 11, but did not name the two GOE representatives on the board of directors.

¶2. (U) Contacts at the Ministry of Finance informed econoff that the GOE has not completed deliberations on use of the proceeds from the sale. The most likely use, however, would be settlement of the non-performing loans (NPLs) of the remaining public banks. Banque Misr Vice Chairman Mohamed Ozalp told econoff last week that he believed the GOE would settle Banque Misr's debts before those of the National Bank of Egypt (NBE). Banque Misr and Banque du Caire are scheduled to merge by December 31, 2006. The Central Bank wants the newly merged entity, which will retain the name Banque Misr, to start operating with a clean balance sheet before tackling the much larger NPL portfolio of NBE. For the time being, the proceeds from BOA's sale will remain in the Central Bank, bringing the GOE's foreign currency reserves to \$25 billion.

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